

CITY OF MUSKEGON

CITY COMMISSION MEETING

JUNE 14, 2005

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, June 14, 2005.

Mayor Warmington opened the meeting with a prayer from Pastor Sarah Johnson of the Word of Truth Outreach after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Bill Larson, Commissioner Chris Carter, Kevin Davis, Stephen Gawron, Clara Shepherd, and Lawrence Spataro, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Gail Kundinger.

2005-50 HONORS AND AWARDS:

A. Beverly Straley. Mayor Warmington presented Beverly Straley's family with a resolution to recognize her years of service.

2005-51 INTRODUCTIONS/PRESENTATION:

A. 2005 Interns. AFFIRMATIVE ACTION

Ken James introduced the 2005 Interns.

2005-52 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve the minutes of the Regular Commission Meeting that was held on Tuesday, May 24, 2005.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

B. Fireworks Display – Summer Celebration and Greek Festival. CITY CLERK

SUMMARY OF REQUEST: Summit Pyrotechnics is requesting approval of fireworks display permits for Muskegon Summer Celebration on July 4th, and 10th; and for the Big Fat Greek Festival on July 30th. They will be set off from the Barge at Heritage Landing. Fire Marshall Metcalf will inspect the fireworks on the day of the events.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval contingent on inspection of the fireworks and approval of the insurance.

C. Appointment to the Leisure Services Board. CITY CLERK

SUMMARY OF REQUEST: To appoint Greg Roberts to the Leisure Services Board.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To make the appointment.

COMMITTEE RECOMMENDATION: The Community Relations Committee recommended the appointment at their June 6th meeting.

E. Amendment to Muskegon Township Water Agreement. CITY MANAGER

SUMMARY OF REQUEST: To approve an amendment to the Muskegon Township Water Agreement, to allow the Township to delay installing secondary power at the Harvey Street Reservoir.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the amendment.

F. Appointment to Veteran's Memorial Park Committee. CITY MANAGER

SUMMARY OF REQUEST: To appoint a City representative to a committee to oversee budget and maintenance of Veteran's Memorial Park. The committee is made up of a representative from the City of Muskegon, County of Muskegon, City of North Muskegon, and Muskegon Veterans (non-voting). The committee is a provision of the agreement between the three political jurisdictions.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To appoint the City Manager as the City's representative on this committee and appoint the City Manager's designee as the City's alternate representative.

G. Letter of Support from Mayor and Commission for After-School Program (CLEAR). COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: For the Mayor and the City Commission to give a letter of support for a technical assistance grant for after-school programming for the Muskegon Public School System through the National League of Cities. Several studies have revealed the importance of after-school programs to future economic development as well as a deterrent to negative activity by youth. National crime data reveals that between the hours of 3 to 6 PM to be when most young people are most

likely to commit and become victims of crime. That is also the time when young people are most likely to engage in risky behaviors. If the Mayor and Commission agree to support this grant application, the CNS Office working with the Muskegon Public Schools will prepare the grant application and have it delivered to the National League of Cities by the due date of June 17, 2005.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To supply the CNS Office with a letter of support endorsed by the Mayor and City Commission.

H. MDNR Agreement for Phase 1 of the Bike Trail. ENGINEERING

SUMMARY OF REQUEST: To approve the contract with MDNR for the construction of Phase I of the bike trail from Heritage Landing to McCracken St. and authorizing the Mayor and City Clerk to sign the contract and approve the resolution.

FINANCIAL IMPACT: MDNR's participation will be at 28% of the total cost which is estimated at \$1,800,000 but not to exceed \$500,000 of eligible costs as outlined in the agreement. The remainder of the cost will be from local funds and a \$799,000 of federal funds in the form of an enhancement grant. Agreement for the federal grant will be forth coming in the near future.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: That the agreement and resolution be approved.

I. Contract for Independent Audit Services. FINANCE

SUMMARY OF REQUEST: Whether to seek competitive proposals at this time for the City's audit. Historically, there have been at least two in-city firms competing for the City's audit work as well as firms from as far away as Grand Rapids and Saginaw.

STAFF RECOMMENDATION: That Brickley, DeLong be selected as the City's independent auditor for the fiscal years ending December 31, 2005, 2006, and 2007.

J. Appointment to City Employees Pension Board & Police and Fire Retirement Board. CITY CLERK

SUMMARY OF REQUEST: To appoint Ruth Anderson to the City Employees Pension Board and the Police and Fire Retirement Board.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval.

COMMITTEE RECOMMENDATION: This was recommended for approval at the June 13th Commission Worksession.

Motion by Commissioner Carter, second by Commissioner Davis to approve the consent agenda as read with the exception of item D.

ROLL VOTE: Ayes: Davis, Gawron, Larson, Shepherd, Spataro, Warmington, and Carter

Nays: None

MOTION PASSES

2005-53 ITEM REMOVED FROM THE CONSENT AGENDA:

D. Sale of Buildable Vacant Lot at 1259 Marquette. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the sale of a vacant buildable lot at 1259 Marquette Street (Parcel #24-611-000-0482-00) to Garry & Earnestine Gaines, 881 Getty Street, Muskegon, MI. The lot is 116.45 x 132 ft. (15,371.40 sq. ft.) and is being offered to Garry & Earnestine Gaines for \$11,000 (\$9,000 for the lot and \$2,000 to the realtor). Garry & Earnestine Gaines will be constructing a two story, three bedroom, single family home with an attached garage, which will comply with the City's Policy for Sale of City-Owned Residential Property. The True Cash Value (TCV) for the property listed in the Assessor's Office is \$12,000, and our price is set at \$9,000 which is 75% of that amount. The reason that the price is \$11,000 is because this is part of a construction loan. The City will receive \$9,000 for the property per policy. The realtor, at the time of closing, will receive \$2,000. The realtor fees are not paid by the City, but by the purchaser.

FINANCIAL IMPACT: The sale of this lot for construction of 1 (one) new home will generate additional tax revenue for the City and will place the property back on the City's tax rolls thus relieving the City of continued maintenance costs.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the resolution and to authorize both the Mayor and the Clerk to sign said resolution and deed.

Motion by Commissioner Spataro, second by Commissioner Gawron to approve the sale of the buildable vacant lot at 1259 Marquette.

ROLL VOTE: Ayes: Gawron, Larson, Shepherd, Spataro, Warmington, Carter, and Davis.

Nays: None

MOTION PASSES

2005-54 PUBLIC HEARINGS:

A. Request to Establish an Obsolete Property District - 790 Terrace. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 146 of the Michigan Public Acts of 2000, Promised Land Associates, 420 Carmen Street, Spring Lake, MI 49456, has requested the establishment of an Obsolete Property District. The district would be located at 790 Terrace Street, Muskegon, MI. This project will consist of rehabbing this building into a restaurant/banquet hall. Total capital investment for this project is \$1,200,000. The project will result in the creation of 40+ new jobs in the City.

FINANCIAL IMPACT: If an Obsolete Property Certificate is issued, the property taxes would be frozen for the duration of the certificate.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the resolution establishing an Obsolete Property District for 790 Terrace Street, Muskegon, MI.

The Public Hearing opened at 5:47 p.m. to hear and consider any comments from the public. Spencer Norman and Ciggzree Morris, developers, explained the rehabbing of the building.

Motion by Commissioner Shepherd, second by Vice Mayor Larson to close the public hearing at 6:00 pm and approve the request to establish an obsolete property district at 790 Terrace.

ROLL VOTE: Ayes: Larson, Shepherd, Spataro, Warmington, Carter, Davis, and Gawron.

Nays: None

MOTION PASSES

B. Request to Issue an Obsolete Property Certificate - 790 Terrace. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 146 of the Michigan Public Acts of 2000, Promised Land Associates, 420 Carmen Street, Spring Lake, MI 49456, has requested the issuance of an Obsolete Property Certificate for the property located at 790 Terrace Street, Muskegon, MI. Total capital investment for this project is \$1,200,000. The project consists of a restaurant/banquet hall that will also feature live entertainment. This project will result in the creation of 40+ new jobs in the City. Because of these new jobs, and the amount of investment, the applicant is eligible for a 12 year certificate.

FINANCIAL IMPACT: If an Obsolete Property Certificate is issued, the property taxes would be frozen for the duration of the certificate.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the resolution issuing an Obsolete Property Certificate for 790 Terrace Street, Muskegon, MI.

The public hearing opened at 6:01 p.m. to hear and consider any comments from the public. No comments were heard.

Motion by Vice Mayor Larson, second by Commissioner Shepherd to close the public hearing at 6:05 pm.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Carter, Davis, Gawron, and Larson.

Nays: None

MOTION PASSES

Motion by Commissioner Spataro, second by Commissioner Shepherd to approve the request to issue an obsolete property certificate at 790 Terrace.

ROLL VOTE: Ayes: Spataro, Warmington, Carter, Davis, Gawron, Larson, and Shepherd.

Nays: None

MOTION PASSES

C. Spreading of the Special Assessment Roll for McCracken, Sherman Blvd. to Lakeshore Dr. ENGINEERING

SUMMARY OF REQUEST: To hold a public hearing on the spreading of the special assessment for McCracken Street, Sherman Blvd. to Lakeshore Dr., and to adopt the resolution confirming the special assessment roll.

FINANCIAL IMPACT: A total of \$155,377.45 would be spread against seventy-five (75) parcels abutting the project.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the special assessment roll and adopt the resolution.

The public hearing opened at 6:08 p.m. to hear and consider any comments from the public. Comments were heard in opposition from Steve Holderman, 2011 LeTarte and Diana Smith, 2169 McCracken.

Motion by Commissioner Carter, second by Vice Mayor Larson to close the public hearing at 6:14 pm and spread the Special Assessment Roll for McCracken Street, Sherman Blvd., Lakeshore Dr.

ROLL VOTE: Ayes: Warmington, Carter, Davis, Gawron, Larson, Shepherd, and Spataro.

Nays: None

MOTION PASSES

2005-55 NEW BUSINESS:

A. Engineering Services Agreement for City Center Project. CITY MANAGER

SUMMARY OF REQUEST: To approve an amendment to the Engineering Services Agreement with Fleis & Vandenbrink for the City Center Project. The scope of the project has changed significantly and requires an increase.

FINANCIAL IMPACT: Cost increase from \$151,600, to \$232,200.

BUDGET ACTION REQUIRED: The 2005 budget will need to be amended to accommodate this change.

STAFF RECOMMENDATION: To approve the amendment to the engineering agreement.

Motion by Commissioner Spataro, second by commissioner Gawron to approve the amendment to the Engineering Services Agreement for the City Center Project.

ROLL VOTE: Ayes: Carter, Davis, Gawron, Larson, Shepherd, Spataro, and Warmington.

Nays: None

MOTION PASSES

B. Resolution to Submit Urban Land Assembly Loan Application Related to Former Mall Site Redevelopment. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: One of the funding mechanisms that has been identified for the redevelopment of the former Mall site is an Urban Land Assembly (ULA). At this time Staff is requesting authorization to apply for a loan from the Michigan Economic Development Corporation (MEDC) for the amount of \$700,000. This money would be used to purchase the Right of Way's necessary for street construction along with other streetscape improvements.

FINANCIAL IMPACT: Repayment of the loan would consist of \$20,000 per year for the first five years, and \$120,000 per year for the next five years.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the resolution authorizing Staff to submit a Urban Land Assembly Loan application to the Michigan Economic Development Corporation.

Motion by Vice Mayor Larson, second by Commissioner Gawron to approve the resolution authorizing Staff to submit a Urban Land Assembly Loan application to the MEDC.

ROLL VOTE: Ayes: Davis, Gawron, Larson, Shepherd, Spataro, Warmington, and Carter.

Nays: None

MOTION PASSES

C. Tentative Agreement Reached with Muskegon Firefighters Union. ASSISTANT CITY MANAGER

SUMMARY OF REQUEST: Staff recommends approval of the set of tentative agreements reached with the Muskegon Firefighters Union pending ratification by the union membership; and that the Mayor be authorized to sign the bargaining unit contract on behalf of the City.

FINANCIAL IMPACT: The overall financial package includes the following significant economic agreements:

Union Issues

Wages:	<u>2004</u>	<u>2005</u>	<u>2006</u>
	2.00%	2.00%	2.00%

Pension: Effective 1/1/05, the straight life pension multiplier is increased from 2.6% to 2.75%, and continue the maximum initial pension amount of 85% of the member's Final Average Compensation.

City Issues

- Eliminate Assistant Mechanics (with conditions);
- Increase co-pays for generic drugs and brand name drugs (for individuals in the traditional plan and for retirees);
- Increase the premium co-pay to \$20.00 bi weekly;
- Limit retirees insurance coverage to spouse and dependents at the time of retirement;

- Actuarial neutral lump sum annuity withdrawals; and
- Define Contribution for future firefighters (City to contribute 10% and employee, 6% - mandatory) as well as *available* to current employees.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval.

Motion by Commissioner Spataro, second by Commissioner Gawron to approve the tentative agreement reached with the Muskegon Firefighters Union.

ROLL VOTE: Ayes: Gawron, Larson, Shepherd, Spataro, Warmington, Carter, and Davis.

Nays: None

MOTION PASSES

D. Establishment of Defined Contribution Retirement Plan with MERS. FINANCE

SUMMARY OF REQUEST: To adopt the resolution establishing a defined contribution retirement plan umbrella relationship with MERS. As the DC plan is negotiated with individual bargaining units, additional resolutions specific to each unit will be presented for your consideration.

FINANCIAL IMPACT: The move to defined contribution pension plan will have very significant long-term financial benefits for the city. Annual pension costs will be readily definable as a stable percent of payroll and the notion of "unfunded liability" will be eliminated. Additionally, administrative savings will be significant. Participating employees will also benefit through greater portability of benefits.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Approval of the resolution establishing the MERS DC plan and authorizing the Mayor and Clerk to execute the membership agreement and related documents.

Motion by Vice Mayor Larson, second by Commissioner Shepherd to approve the resolution establishing the MERS DC plan and authorizing the Mayor and Clerk to execute the membership agreement and related documents.

ROLL VOTE: Ayes: Larson, Shepherd, Spataro, Warmington, Carter, Davis, and Gawron.

Nays: None

MOTION PASSES

E. Rejection of Bids: Demolition of the Muskegon Hotel. PUBLIC SAFETY

SUMMARY OF REQUEST: Public Safety staff request that the Commission reject the bids that were solicited for the demolition of the Muskegon Hotel located at 593 West Western Avenue. The bid amounts are provided within the memorandum. Currently, City funding is not available to meet the bids as submitted.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Rejection of the bids.

Motion by Commissioner Spataro, second by Vice Mayor Larson to reject the bids for demolition of the Muskegon Hotel.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Carter, Davis, Gawron, and Larson.

Nays: None

MOTION PASSES

ADJOURNMENT: The City Commission Meeting adjourned at 6:32 p.m.

Respectfully submitted,

Gail A. Kunding, MMC
City Clerk